



Business Overview

Convergence Technologies Inc ("Convergence") provides Telecom and IT infrastructure solutions to small-to-medium businesses throughout the United States. Convergence generates revenues from

- (1) Subscription Services
- (2) Project Work
- (3) Hardware/Software Sales

Convergence recognizes revenues from **Subscription Services** which include broadband access services, hosting / datacenter services, VoIP-telephony services, merchant acquiring services, security services and **MitoTec®** Technology Platform services. Revenue from these services is recognized when all of the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, and collectability is reasonably assured. Subscription revenues are recognized over the period that services are provided. In general, fixed monthly fees are billed the month that service is delivered. Revenue from other products that are not fixed or that exceed contracted amounts is billed when such services are provided.

Convergence recognizes revenue from **Project Work** such as design, engineering, installation, maintenance and monitoring services when equipment is installed and provisioned in accordance with contractual specifications and ready for the customer's use. Maintenance and monitoring services are recognized monthly over the term of the contract as the services are provided.

Convergence recognizes revenue from **Hardware/Software Sales** upon proof of shipment from its facilities.



Product Offerings

Subscription Services

- **MitoTec® Technology Platform (MitoTec®)**
 - the MitoTec® Technology Platform takes traditional IT to the next level with an end-to-end IT technology platform that incorporates the latest IT trends including managed networks, hosted VoIP, desktop virtualization, fit desktop clients, remote replication/backup, server/storage consolidation/virtualization and full disaster recovery/business continuity. MitoTec® eliminates outdated IT support methods and cost structures by replacing traditional IT with an infinitely scalable redundant platform available at an affordable fixed monthly cost.
- **inVision Network Services**
 - the inVision Digital Voice Platform (VoIP) utilizes the worldwide industry standard SIP protocol and provides innovative telephony functionality necessary to offer standard and/or custom services to the Residential, SOHO, MDU, SMB and Enterprise markets. With flexible partitioning, these markets can be served simultaneously within the same platform, whether offering retail services directly to end customers or providing partitions to resellers
 - Additional subscription based network services offered through inVision include managed IT, collocation & hosting, dedicated Internet access, offsite storage and network monitoring services.
- **IP Pay Merchant Acquiring Services**
 - IP Pay provides a simple and integrated solution for the Card-not-present recurring telecom and Internet payments space. IP Pay is a single source solution for online gateway access, fraud management, front-end authorization, back-end clearing and settlement and merchant accounting, allowing it to handle transactions from end-to-end without multiple-party involvement.
 - IP Pay Account Updater ensures uninterrupted recurring payments by seamlessly updating “card on file” account information without impacting cardholders. Cardholder account information changes occur for a variety of reasons, including card upgrades, bank portfolio conversions, card expirations, lost or stolen cards and account closures. IP Pay Account Updater extends the life of recurring payment arrangements by helping secure ongoing, revenue-generating relationships, all while locking in revenue, reducing processing costs, maintaining service continuity and strengthening cardholder satisfaction.
- **IP Pay PCI Compliance Services**
 - IP Pay provides complete PCI compliance services by offering a simplified, easy-to-use system optimized for smaller merchants (Level 2-4) that need to successfully complete PCI requirements which includes
 - Automated state-of-the-art scanning
 - Online self-assessment questionnaire
 - Technical Support
 - PCI Wizard to help management compliance activities
 - Reporting options to deliver compliance reports directly to IP Pay



Project Work

- **Engineering & System Integration Services**
 - **Consulting & Planning:** Identifying the resources necessary to build and operate the system. Includes business plan, business case development and high-level network design and assessment.
 - **System Integration:** Designing and building the system. Includes project management, equipment staging and installation.
 - **Network Management:** Optimizing and enhancing the system to meet the requirements of an increasing user base and to provide increased quality. Includes fault identification, configuration management and performance assurance.
 - **Support Services:** Services that achieve greater efficiencies. Includes on-site and depot maintenance, system operation and training.
- **FCC Frequency Licensing**
 - **Part 101 Licensing:** FCC rules governing terrestrial microwave point-to-point licensing for common carrier and private network applications can be found in CFR Title 47, Part 101. Convergence's microwave interference studies and analysis provide turn-key Part 101 license acquisition services
 - **Custom FCC Frequency Services:** Determined on an as-is basis
- **Equipment & Project Financing**
 - **Leasing:** Convergence offers equipment & project financing solutions through internal capital and a partner network of 3rd party funding sources.
 - **Cash Advance:** Cash Advance is a financing option for small and mid-sized businesses in need of working capital. Unlike a loan, cash advances typically require no personal guarantee, no liens or collateral, have no fixed payment schedule, have no absolute obligation to repay and no business-use restrictions. A Cash Advance Provider purchases a specific amount of card receivables from the business at a discount and receives a small percentage of the owner's daily future credit and/or debit card receivables. Each time a sales transaction is made, a percentage of the card receivables is forwarded to the cash advance provider until all the purchased receivables have been forwarded. Repayment follows the owner's revenue trend, and is directly related to the success of the business.
 - **Telecom Loan/Grants:** A variety of government funding program offered through organization like the United States Department of Agriculture Rural Utilities Services (USDA RUS) have existed to promote universal broadband connectivity to unserved and underserved areas throughout the United States. Convergence helps small rural service providers draft, implement, deploy and audit their funding applications and manages the project and audit process in a turn-key solution.



Hardware/Software Sales

- **Broadband Wireless Infrastructure Equipment**
 - o Motorola Canopy (<http://www.motorola.com/canopy>)
 - o Trango Systems (<http://www.trangosystems.com>)
 - o Dragonwave (<http://www.dragonwaveinc.com>)
 - o LigoWave (<http://www.ligowave.com>)
 - o RedLine Communications (<http://www.redlinecommunications.com>)
 - o Alvarion (<http://www.alvarion.com>)
- **Antennas, Cables & Accessories**
 - o Apex9 (<http://www.apex9.com>)
 - o M2 Antennas (<http://www.m2inc.com>)
 - o WB Manufacturing (<http://www.wbmfg.com>)
 - o Laird Technologies (<http://www.lairdtech.com>)
- **IT Network Infrastructure Equipment**
 - o Cisco (<http://www.cisco.com>)
 - o Microsoft (<http://www.microsoft.com>)
 - o VM Ware (<http://www.vmware.com>)
 - o Dell (<http://www.dell.com>)
 - o Polycom (<http://www.polycom.com>)
 - o Grandstream (<http://www.grandstream.com>)
 - o Allot Communications (<http://www.allot.com>)
 - o Ruckus Wireless (<http://www.ruckuswireless.com>)



Management Team

William M (Marc) Kruer, President, has over 29 years of business experience and has served as President, CEO and Chief Operating Officer of both private and public companies in the distribution and technology industry. At an executive level he has provided growth and increased revenues for organizations through the re-engineering of their marketing, sales, operations and technical infrastructure. His extensive background in sales and operations is combined with a high level of technical expertise and knowledge in the area of Business Intelligence Systems, Data Warehousing, ERP, CRM, systems architecture, SANs, telephony and e-commerce systems.

Charles C Wu, CEO, is an entrepreneur focusing on the technology and financial services space. His company, Convergence Technologies Inc, has been profitably and organically bootstrapped from a college fraternity dorm room in 2001 into a \$15 million organization with over 40 full-time employees across the United States. Charles is regularly profiled by the national news media, including a cover story article in Red Herring Magazine and a nationally broadcast live interview by WGN Channel 9. In addition to winning numerous Industry Awards, Charles is a frequent speaker at technology tradeshow and conventions all across the world.

Brian Young, CTO, has over 15 years of technology experience and has served as CIO and CTO of both public and private companies including a \$400 million Fortune 100 manufacturer in the healthcare space. He specializes in development, management, integration and implementation of IT and business strategy across all levels of the organization. His extensive background in technology, change management and operations is combined with a high level of technical expertise and knowledge in IT Infrastructure, Security, Database Systems, ERP, CRM, systems architecture, operating systems and IP.

Jeff Ehman, General Manager, has an extensive background in the management and growth of small to medium sized businesses. In particular, he focuses on implementing systems and structure to provide scalability in staff and revenues. At Convergence, Jeff has executed on a strategic plan to reorganize the hardware distribution business and turn it into the corporation's main sales force to drive growth in both recurring services and hardware. He has done this through improved sales operations and development and execution of a training program, compensation structure, hiring model, new CRM, marketing programs and an innovative method of distributing customer accounts.